

Contact: Brad Berg

FY 2017 BUDGETS – UNIVERSITIES, IOWA PUBLIC RADIO, BOARD OFFICE

Actions Requested: Consider approval of the:

1. Regent university FY 2017 budgets as presented on pages 5-8 and in the attachments.
2. Iowa Public Radio FY 2017 budget as presented in Attachment D on page 27.
3. Board Office FY 2017 budget as shown in Attachment E on page 28.

Executive Summary: Consistent with the Board’s strategic plan to demonstrate public accountability and effective stewardship of resources, all institutional budgets are approved annually by the Board.

The Regent institutional budgets include two basic types of funds:

- General operating funds include operational appropriations, interest income, tuition and fee revenues, reimbursed indirect costs, and sales and services revenues. Some appropriations are designated for specific operating uses and cannot be used for other purposes.
- Restricted funds are specifically designated or restricted for a particular purpose or enterprise and include capital and tuition replacement appropriations, gifts, sponsored funding from federal and private sources, and athletics as well as other auxiliary or independent functions such as residence, parking, and utility systems.

This memorandum incorporates numerous aspects of budgets for the Regent Enterprise. There are separate attachments which include budget details specific to each university, Iowa Public Radio and the Board Office. While the residence systems and athletics are included as a part of the restricted budgets, individual budgets for these auxiliary units are contained in this memorandum.

The proposed FY 2017 Regent Enterprise consolidated budget exceeds \$5.7 billion as summarized below. The table on page 8 includes the detailed budgeted revenues and expenditures from all funds for Iowa’s public universities and special schools.

FY 2017 REGENT ENTERPRISE BUDGET
(in millions)

	SUI*	ISU	UNI	ISD	IBSSS	Total
General Operating	2,134.2	708.7	186.5	11.1	8.2	3,048.7
Restricted	1,699.0	774.8	183.1	1.5	0.7	2,659.1
Total	3,833.2	1,483.5	369.6	12.6	8.9	5,707.8

*includes UIHC

University Operating Budgets

The primary revenue sources providing FY 2017 general operating funds for Iowa’s public universities are state appropriations and tuition revenues.

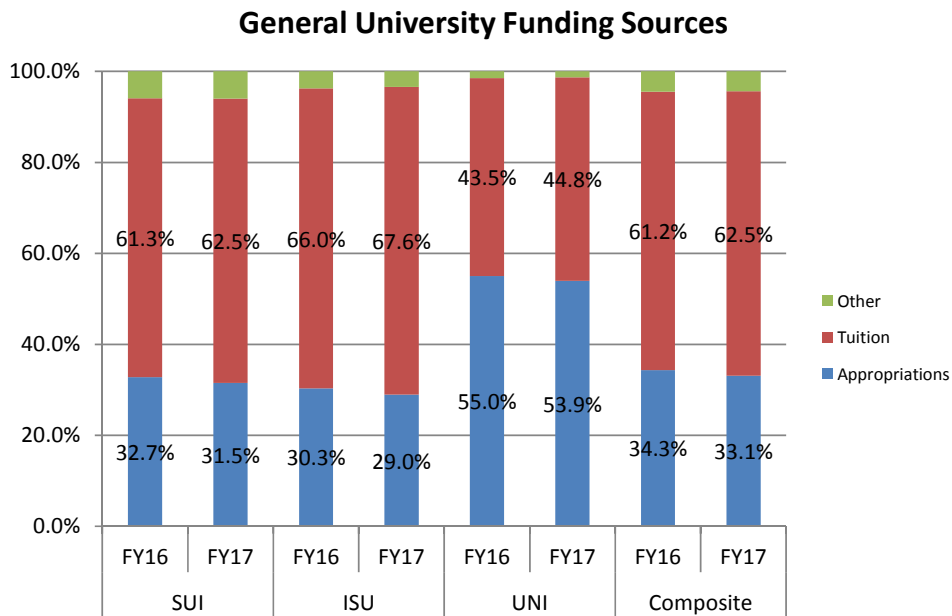
The 2016 General Assembly approved increases to the base funding for the universities that were significantly less than the amount requested. State operating funding for the three universities increased 1.24% (\$6.3 million) when compared to FY 2016.

General University Operating Appropriations

	FY 2016	FY 2017	Difference	FY16 to FY17 % Change
SUI	230,923,005	232,223,005	1,300,000	0.56%
ISU	182,181,852	184,399,852	2,218,000	1.22%
UNI	94,276,732	97,057,732	2,781,000	2.95%
Total	507,381,589	513,680,589	6,299,000	1.24%

Last December, the Board approved the tuition rates for the 2016-17 academic year. In addition, Agenda Item 4 contains proposed increases to those rates and includes a \$300 increase for resident undergraduate students. In addition to the tuition rates, enrollment fluctuations also impact tuition revenue and the subsequent demands for academic and student support services, which also directly impact the budget. In general, these revenues will help support the recruitment and retention of quality faculty and additional student support services including advisors and supplemental instructors.

The following chart compares FY 2016 funding sources with the FY 2017 budget for each university. UNI is more reliant on state appropriations than tuition revenue for its general fund operations while SUI and ISU state funding levels are less than one-third of total general fund operating revenues. In total, the universities continue to be more reliant on tuition revenues and less on state appropriations and the variance continues to widen.



In addition to the General University budgets presented on pages 5 and 6 by expenditure type, the attachments contain an expense summary by the following functional classifications as defined by the National Association of College and University Business Officers (NACUBO). General fund expenses related to instruction, academic support, scholarships and fellowships, and plant operations and maintenance comprise approximately 83% of the combined general university expenses.

- Instruction
- Public Service
- Student Services
- Scholarships & Fellowships
- Research
- Academic Support
- Institutional Support
- Operation and Maintenance of Plant

Each university has several special purpose units that receive state funding for operations. Examples include the Hygienic Laboratory and the Iowa Flood Center at SUI, the Agriculture Experiment Station and Cooperative Extension at ISU, and Math and Science Collaborative and the Recycling and Reuse Center at UNI. Additional information regarding the FY 2017 special purpose unit budgets is provided in the attachments and all were flat-funded when compared to FY 2016.

Restricted Budgets

The university FY 2017 restricted fund budgets include capital funding approved by the General Assembly for the following projects.

- SUI – Pharmacy Building \$23.0 million
- ISU - Biosciences Facilities \$15.5 million
- ISU – Student Innovation Center \$ 1.0 million
- UNI – Schindler Education Center \$15.9 million

In addition, the university restricted fund budgets include an allocation of the \$32.4 million tuition replacement appropriation to replace the tuition revenue pledged on Academic Building Revenue Bonds. The restricted budgets also include \$3.0 million (allocated 35/35/30 among SUI, ISU and UNI) for the Regent Innovation Fund to support economic development projects. The universities will provide a one-to-one match of these funds for capacity-building infrastructure in areas related to technology commercialization, entrepreneurship and business growth.

Athletic Budgets

Each of the Regent universities hosts a multitude of intercollegiate athletic events that attract many alumni and friends to the campus each year. The athletic departments are independent entities included in the restricted fund budgets. The proposed FY 2017 athletic revenue budgets total \$188.5 million. Details for each university’s athletic budget are included in the attachments.

Athletic Revenues				
	FY 2016	FY 2017		
	<u>Estimates</u>	<u>Budget</u>	<u>Difference</u>	
SUI	96,715,000	102,125,415	5,410,415	
ISU	74,138,216	72,400,561	(1,737,655)	
UNI	13,522,321	14,017,960	495,639	
Total	184,375,537	188,543,936	4,168,399	

Residence System Budgets

Residence systems, which include dining services, are self-supporting operations that do not receive state-appropriated funds for operations or capital improvements; they are included in the restricted fund budgets. Residence system FY 2016 revenue budgets total approximately \$227 million for the three universities.

The Board received the FY 2017 residence system preliminary budgets as part of the residence system governance report presented in February. Each university has since updated their respective residence system budgets to reflect updated occupancy and expense projections. The residence systems are expected to house more than 23,500 students this fall. The proposed detailed budgets for each university residence system are provided in the attachments.

University Residence Systems FY 2017 Budgets						
	SUI		ISU		UNI	
	<u>Preliminary</u>	<u>Final</u>	<u>Preliminary</u>	<u>Final</u>	<u>Preliminary</u>	<u>Final</u>
Revenues	\$ 79,738,691	\$ 80,955,157	\$ 105,067,016	\$ 105,502,044	\$ 41,300,523	\$ 41,117,437
Expenditures for Operations	59,134,228	59,788,484	78,714,268	79,149,296	28,632,127	28,346,777
Debt Service and Mandatory Transfers	11,306,513	11,306,513	17,208,660	17,208,660	7,871,393	7,787,260
Net Revenues after Debt Service and Mandatory Transfers	\$ 9,297,950	\$ 9,860,160	\$ 9,144,088	\$ 9,144,088	\$ 4,797,003	\$ 4,983,400

Special Schools

The Board approved the following FY 2017 budgets for the Iowa School for the Deaf (ISD), and the Iowa Braille and Sight Saving School (IBSSS) at its June 2016 meeting. The Iowa School for the Deaf and the Iowa Braille and Sight Saving School rely heavily on state funding for their operations. Each school's base operating appropriation was increased 2.25% when compared to FY 2016 amounts.

FY 2017 Special School Budgets

	<u>Operating</u>	<u>Restricted</u>	<u>Total</u>
ISD	\$ 11,082,116	\$ 1,486,082	\$ 12,568,198
IBSSS	8,243,127	718,432	8,961,559

Iowa Public Radio

In December 2004, the Board approved the creation of Iowa Public Radio, which includes a total of 23 radio stations at the University of Iowa (KSUI Radio Group), Iowa State University (WOI Radio Group), and the University of Northern Iowa (KUNI Radio Group).

In June 2013, the Board renewed the Public Service Operating Agreement between Iowa Public Radio and the Board of Regents. Under the operating agreement, Iowa Public Radio manages the operations of the Radio Groups on behalf of the Board of Regents and Universities consistent with FCC requirements for license control and serves as the primary fundraising entity.

For FY 2017, the General Assembly appropriated \$391,568 (0% increase) for IPR operations. University support for IPR in FY 2017 remains flat when compared to FY 2016. The proposed FY 2017 budget is contained in Attachment D on page 27.

Salary Policies

The Board of Regents employs about 6,400 AFSCME-covered staff in blue collar, security, technical, clerical and education units at the five institutions. The statewide collective bargaining agreement with AFSCME provides an across-the-board increase of 2.25% on July 1, 2016, and an additional 1.25% increase on January 1, 2017. Eligible merit staff members (those not at the maximum of their pay grade) will continue to receive step increases of 4.5% at their next scheduled merit increase dates, until they reach the maximum of their pay scales.

At the Board's June meeting, the Regents approved by consent that salary policies for the institutions and Board Office, and the requisite pay matrices for non-organized professional and scientific staff and for faculty at the special schools, would be approved by the Executive Director upon consultation with Board of Regents leadership. The Board also approved the salary policy and pay matrix for the non-represented supervisory and confidential staff in the Regent Merit System.

BOARD OF REGENTS, STATE OF IOWA
FY 2017 GENERAL FUND OPERATING BUDGETS

University of Iowa										
	Gen. Univ.	Univ. Hosp.	Psych. Hosp.	CDD	Oakdale Campus	Hyg. Lab	Family Prac.	SCHS	Special Purpose	Subtotal
APPROPRIATIONS										
General	\$232,223,005				\$2,186,558	\$4,402,615	\$1,788,265	\$659,456	\$5,969,192	\$247,229,091
RESOURCES										
Federal Support	1,267,995	5,546,675	11,437	145,515	5,000		7,500			6,984,122
Interest	459,794,000									459,794,000
Tuition and Fees	42,648,000	2,984,526	1,314,596	166,666	515,000	151,361				47,780,149
Reimb. Indirect Costs		1,333,363,889	25,551,673	8,292,022	70,000	2,624,944		99,465		1,370,001,993
Sales and Service	125,000	2,076,849	255,402							2,457,251
Other Income	503,834,995	1,343,971,939	27,133,108	8,604,203	590,000	2,776,305	7,500	99,465	-	1,887,017,515
Subtotal - Inst. Income	\$736,058,000	\$1,343,971,939	\$27,133,108	\$8,604,203	\$2,776,558	\$7,178,920	\$1,795,765	\$758,921	\$5,969,192	\$2,134,246,606
TOTAL REVENUES										
EXPENDITURES										
Fac. & Inst. Off. Salaries	\$267,640,000	\$91,591,821	\$7,844	\$574,196		\$238,361		\$192,198	\$1,763,443	\$362,007,863
Prof. & Sci. Staff Salaries	145,138,000	549,808,023	15,047,411	4,926,138	107,419	4,303,465	226,196	563,532	2,014,159	722,134,343
General Service Staff Sal.	62,086,000	184,376,258	6,969,554	1,339,965	2,005,889	1,630,395	32,255		154,167	258,594,483
Hourly Wages	5,700,000	8,454,386	234,507	54,294					58,846	14,502,033
Subtotal - Salaries	480,564,000	834,230,488	22,259,316	6,894,593	2,113,308	6,172,221	258,451	755,730	3,990,615	1,357,238,722
Supplies and Services	60,875,375	467,232,441	3,406,035	1,194,704	200,150	869,009	1,537,314	3,191	1,749,750	537,067,969
Library Acquisitions	19,287,325									19,287,325
Rentals	5,400,000	10,186,337	6,778	535		37,690			87,500	15,718,840
Utilities	36,328,000	30,671,693	1,454,754	302,541	463,100					69,220,088
Bldg. Repairs	24,000,000	1,650,980	6,225	211,830						25,869,035
Auditor of State Reimb.	735,000									735,000
Equipment	2,267,000									2,267,000
Aid to Individuals	106,601,300					100,000				106,682,185
Subtotal - Other Expenses	255,494,000	509,741,451	4,873,792	1,709,610	663,250	1,006,699	1,537,314	3,191	1,978,577	777,007,884
TOTAL EXPENDITURES	\$736,058,000	\$1,343,971,939	\$27,133,108	\$8,604,203	\$2,776,558	\$7,178,920	\$1,795,765	\$758,921	\$5,969,192	\$2,134,246,606

BOARD OF REGENTS, STATE OF IOWA
FY 2017 GENERAL FUND OPERATING BUDGETS (continued)

	Iowa State University					University of Northern Iowa			FY 2017 Operating Total		
	Gen. Univ.	Exp. Station	Coop. Ext.	Special Purpose	Subtotal	Gen. Univ.	Special Purpose	Subtotal			
APPROPRIATIONS											
General	\$184,399,852	\$29,886,877	\$18,266,722	\$8,420,563	\$240,974,014	\$97,057,732	\$6,566,977	\$103,624,709	\$9,805,264	\$4,053,893	\$605,686,971
RESOURCES											
Federal Support		5,405,000	10,000,000		15,405,000			400,000	56,970		15,461,970
Interest	1,889,150				1,889,150				1,000		9,274,272
Tuition and Fees	430,507,000				430,507,000			80,588,715			970,889,715
Reimb. Indirect Costs	18,525,600				18,525,600	1,399,649		1,399,649	23,927	46,884	67,776,209
Sales and Service						505,393		505,393	900,155	3,426,897	1,374,834,438
Other Income	1,375,850				1,375,850			-	294,800	715,453	4,843,354
Subtotal - Inst. Income	452,297,600	5,405,000	10,000,000	-	467,702,600	82,893,757	-	82,893,757	1,276,852	4,189,234	2,443,079,958
TOTAL REVENUES	\$636,697,452	\$35,291,877	\$28,266,722	\$8,420,563	\$708,676,614	\$179,951,489	\$6,566,977	\$186,518,466	\$11,082,116	\$8,243,127	\$3,048,766,929
EXPENDITURES											
Fac. & Inst. Off. Salaries	\$239,500,000	\$22,300,000	\$6,700,000	\$2,786,000	\$271,286,000	\$75,655,138	\$340,877	\$75,996,015	\$3,439,814	\$5,072,168	717,801,860
Prof. & Sci. Staff Salaries	114,500,000	9,600,000	17,500,000	2,297,200	143,897,200	36,135,659	1,066,885	37,202,544	2,602,635	343,053	906,179,775
General Service Staff Sal.	40,200,000	1,875,000	600,000	230,500	42,905,500	26,893,032	135,142	27,028,174	3,048,205	1,227,386	332,803,748
Hourly Wages	6,000,000	225,000	115,000	21,600	6,361,600	1,884,375	61,870	1,946,245			22,809,878
Subtotal - Salaries	400,200,000	34,000,000	24,915,000	5,335,300	464,450,300	140,568,204	1,604,774	142,172,978	9,090,654	6,642,607	1,979,595,261
Supplies and Services	58,265,452	191,877	3,199,322	2,994,913	64,651,564	12,183,865	4,962,203	17,146,068	1,374,035	1,141,963	621,381,599
Library Acquisitions	12,200,000				12,200,000	1,992,009		1,992,009	6,000	11,000	33,496,334
Rentals	3,000,000	36,000	115,000	30,350	3,181,350	827,578		827,578			19,727,768
Utilities	31,500,000	14,000	2,400		31,516,400	6,383,290		6,383,290	291,250	245,200	107,656,228
Bldg. Repairs	20,000,000	25,000			20,025,000	1,400,000		1,400,000	284,977	170,857	47,749,869
Auditor of State Reimb.	722,000	600,000	15,000	30,000	8,645,000	334,110		334,110	35,200	31,500	1,857,810
Equipment	8,000,000	425,000	20,000	30,000	8,485,000	496,467		496,467			11,568,909
Aid to Individuals	102,810,000			30,000	103,285,000	15,765,966		15,765,966			225,733,151
Subtotal - Other Expenses	236,497,452	1,291,877	3,351,722	3,085,263	244,226,314	39,383,285	4,962,203	44,345,488	1,991,462	1,600,520	1,069,171,668
TOTAL EXPENDITURES	\$636,697,452	\$35,291,877	\$28,266,722	\$8,420,563	\$708,676,614	\$179,951,489	\$6,566,977	\$186,518,466	\$11,082,116	\$8,243,127	\$3,048,766,929

BOARD OF REGENTS
STATE OF IOWA
FY 2017 RESTRICTED FUNDS BUDGETS

	SUI	ISU	UNI	ISD	IBSSS	FY 2017 Restricted Total
APPROPRIATIONS						
Innovation Fund	\$1,050,000	\$1,050,000	\$900,000			\$3,000,000
Tuition Replacement	16,031,991	12,834,223	3,580,973			32,447,187
Capital	23,000,000	16,500,000	15,900,000			55,400,000
Other	278,848	763,000				1,041,848
RESOURCES						
Federal Support	286,102,000	165,650,000	20,977,815	\$627,023	\$618,432	473,975,270
Interest	27,964,000	3,700,000	1,270,000	525		32,934,525
Tuition and Fees	64,386,000	19,000,000	22,351,000			105,737,000
Reimbursed Indirect Costs	23,418,000	11,000,000				34,418,000
Sales and Service	764,644,000	72,000,000	90,970,563	858,534		928,473,097
Other Income	492,106,161	472,300,000	27,145,000		100,000	991,651,161
Subtotal - Inst. Income	1,658,620,161	743,650,000	162,714,378	1,486,082	718,432	2,567,189,053
TOTAL REVENUES	\$1,698,981,000	\$774,797,223	\$183,095,351	\$1,486,082	\$718,432	\$2,659,078,088
EXPENDITURES						
Fac. & Inst. Off. Salaries	\$343,702,000	\$75,000,000	\$6,080,831	\$537,842	\$330,303	\$425,650,976
Prof. & Sci. Staff Salaries	278,352,000	120,000,000	20,170,605	168,459		418,691,064
General Service Staff Salaries	52,715,000	44,000,000	10,910,761	259,350		107,885,111
Hourly Wages	30,548,000	24,000,000	6,887,133			61,435,133
Subtotal - Salaries	705,317,000	263,000,000	44,049,330	965,651	330,303	1,013,662,284
Prof. and Scientific Supplies	431,993,000	280,297,223	55,378,806	321,436	388,129	768,378,594
Library Acquisitions	239,000		22,000			261,000
Rentals	13,469,000		900,000			14,369,000
Utilities	12,637,000	14,500,000	4,698,185			31,835,185
Building Repairs	9,215,000	6,000,000	3,900,000	178,995		19,293,995
Auditor of State						-
Equipment	57,519,000	14,000,000	2,316,001	20,000		73,855,001
Student Aid	64,809,000	63,000,000	23,452,630			151,261,630
Debt Service	103,783,000	48,000,000	24,925,000			176,708,000
Plant Capital	300,000,000	86,000,000	23,453,399			409,453,399
Subtotal - Other Expenses	993,664,000	511,797,223	139,046,021	520,431	388,129	1,645,415,804
TOTAL EXPENDITURES	\$1,698,981,000	\$774,797,223	\$183,095,351	\$1,486,082	\$718,432	\$2,659,078,088

BOARD OF REGENTS
STATE OF IOWA
FY 2017 ALL FUNDS BUDGETS

	SUI	ISU	UNI	ISD	IBSSS	FY 2017 All Funds Total
APPROPRIATIONS						
General	\$247,229,091	\$240,974,014	\$103,624,709	\$9,805,264	\$4,053,893	\$605,686,971
Supplemental-Nonrecurring	-	-	-	-	-	-
Innovation	1,050,000	1,050,000	900,000	-	-	3,000,000
Tuition Replacement	16,031,991	12,834,223	3,580,973	-	-	32,447,187
Capital	23,000,000	16,500,000	15,900,000	-	-	55,400,000
Other	278,848	763,000	-	-	-	1,041,848
RESOURCES						
Federal Support	286,102,000	181,055,000	20,977,815	683,993	618,432	489,437,240
Interest	34,948,122	5,589,150	1,670,000	1,525	-	42,208,797
Tuition and Fees	524,180,000	449,507,000	102,939,715	23,927	46,884	1,076,626,715
Reimb. Indirect Costs	71,198,149	29,525,600	1,399,649	23,927	46,884	102,194,209
Sales and Service	2,134,645,993	72,000,000	91,475,956	1,758,689	3,426,897	2,303,307,535
Other Income	494,563,412	473,675,850	27,145,000	294,800	815,453	996,494,515
Subtotal - Inst. Income	3,545,637,676	1,211,352,600	245,608,135	2,762,934	4,907,666	5,010,269,011
TOTAL REVENUES	\$3,833,227,606	1,483,473,837	369,613,817	\$12,568,198	\$8,961,559	\$5,707,845,017
EXPENDITURES						
Fac. & Inst. Off. Salaries	\$705,709,863	\$346,286,000	\$82,076,846	\$3,977,656	\$5,402,471	\$1,143,452,836
Prof. & Sci. Staff Salaries	1,000,486,343	263,897,200	57,373,149	2,771,094	343,053	1,324,870,839
General Service Staff Sal.	311,309,483	86,905,500	37,938,935	3,307,555	1,227,386	440,688,859
Hourly Wages	45,050,033	30,361,600	8,833,378	-	-	84,245,011
Subtotal - Salaries	2,062,555,722	727,450,300	186,222,308	10,056,305	6,972,910	2,993,257,545
Prof. and Scientific Supp.	969,060,969	344,948,787	72,524,874	1,695,471	1,530,092	1,389,760,193
Library Acquisitions	19,526,325	12,200,000	2,014,009	6,000	11,000	33,757,334
Rentals	29,187,840	3,181,350	1,727,578	-	-	34,096,768
Utilities	81,857,088	46,016,400	11,081,475	291,250	245,200	139,491,413
Bldg. Repairs	35,084,035	26,025,000	5,300,000	463,972	170,857	67,043,864
Auditor of State Reimb.	735,000	722,000	334,110	35,200	31,500	1,857,810
Equipment	59,946,442	22,645,000	2,812,468	20,000	-	85,423,910
Aid to Individuals	171,491,185	166,285,000	39,218,596	-	-	376,994,781
Debt Service	103,783,000	48,000,000	24,925,000	-	-	176,708,000
Plant Capital	300,000,000	86,000,000	23,453,399	-	-	409,453,399
Subtotal - Other Expenses	1,770,671,884	756,023,537	183,391,509	2,511,893	1,988,649	2,714,587,472
TOTAL EXPENDITURES	\$3,833,227,606	\$1,483,473,837	\$369,613,817	\$12,568,198	\$8,961,559	\$5,707,845,017

FY 2017 BUDGETS – UNIVERSITY OF IOWA

The University of Iowa academic, administrative and shared governance leaders recently collaborated to create a new, value-based budgeting process. The goal was to establish a process that empowers unit leaders to prioritize funding in order to support their respective missions and to improve financial transparency. Four guiding principles were developed to assist in shaping the FY 2017 budget:

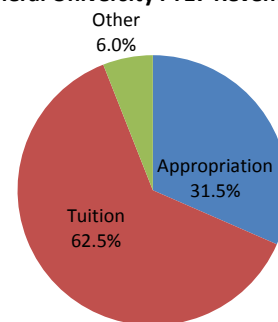
- 1) Student Success
 - a. Increased retention and four-year graduation rates
 - b. Creation and expansion of a high-impact and well-rounded student experience
 - c. A campus-wide culture of diversity and active inclusion
 - d. Increasing the value/return-on-investment of choosing our institution
- 2) Quality Indicators
 - a. Increased attention to key AAU/Research indicators (i.e. academy memberships, citations/awards, federal and non-federal research grants)
 - b. New and increased faculty/interdisciplinary collaborations
 - c. Accenting the balance necessary between “an AAU aim” and success in our core values of teaching and student success
 - d. Development and use of key performance indicators (for teaching, research, students)
- 3) Our Values
 - a. Protection of and investment in existing areas of excellence and unique advantage
 - b. Exploration of new areas that will shape and build a successful and sustainable UI future
 - c. Disinvestment in other areas as necessary to enable success in areas of strength
 - d. Collaboration and alignment of efforts, in order to be effective stewards of our resources, build the scale of our excellence, and add value
- 4) Our Future
 - a. The creation of transformative societal impact
 - b. True interdisciplinary collaboration, aligned to maximize our shared success
 - c. The quality and strategic mix of student - the drive for life-long leaders and learners
 - d. Exploration and celebration of risk-taking that enables short- and long-term excellence

SUI FY 2017 General University Operating Budget

Tuition revenues comprise 62.5% of the \$736 million General University revenue budget with 31.5% coming from state appropriations. Projected changes in these revenue sources, as well as indirect cost recoveries and interest income, result in \$30.9 million in incremental revenue; approximately 4.4% greater than the FY 2016 budget.

FY 2016 Budget	\$ 705.1 million
Revenue Changes:	
Appropriation	1.3 million
Tuition	27.2 million
Indirect Cost Recoveries/Interest	2.4 million
Revenue Increase	30.9 million
FY 2017 Budget	\$ 736.0 million

SUI General University FY17 Revenue Budget



The General University’s FY 2017 operating appropriation of \$232.2 million is 0.6% greater (\$1.3 million) than the FY 2016 state funding amount.

In December 2015, the Board approved a 3% increase (\$200) to undergraduate resident tuition for 2016-17 to match the increase that was approved for ISU and UNI for the previous academic year. In addition, the Board approved 1.9% increase for nonresident undergraduates and for most graduate and professional students. (Agenda Item 4 proposes additional increases to the rates previously approved by the Board.) The University anticipates its largest freshman class ever in FY 2017 including a higher number of Iowa resident students and improved retention. Graduate student enrollment, which has declined in recent years, is projected to decrease again in FY 2017. In total, the University is projecting incremental tuition revenue \$27.2 million when compared to the FY 2016 budget.

Current projections indicate indirect cost recoveries will increase \$3 million in FY 2017 from a higher indirect cost rate and anticipated federal research activities. This increase is partially offset by an expected \$400,000 decline in interest income.

Reallocating resources toward institutional priorities is a fundamental part of budget development. The collegiate and administrative units plan to internally reallocate/reprioritize \$4 million within their budgets from to support strategic initiatives. Many of these reallocations support student success initiatives and competitive salary adjustments for faculty.

The FY 2017 General Fund budget allowed for \$10.8 million of incremental dollars to support the University’s mission and provide breakthrough opportunities for students, faculty, and staff. Each budget unit petitioned for additional resources from the President’s Strategic Initiative Fund, a fund that was created to ensure the University’s highest priorities receive adequate funding.

The University implemented the terms of all collective bargaining agreements, the salary policies approved by the Executive Director, and charges fringe benefits consistent with federally approved rate structures. The General Education Fund portion of the bargained salary cost increases is estimated at \$3.4 million. The cost increase includes annualization from the previous year and current year contract costs. In addition, average salary increases of approximately 2% for faculty and 1.6% for non-bargaining P&S staff are included in the budget.

In March 2016, the University completed negotiations with the federal government establishing the FY 2017 fringe benefit rates for each employee category. Annual changes in the approved rates are attributable to cumulative historic costs of covered benefits, salary changes, University driven cost saving measures, and employee utilization of benefits. For FY 2017, the benefit costs on the existing General Education Fund will increase \$3.5 million.

The University expects utility costs to increase only by \$0.3 million for FY 2017. These expenses include the General University’s share of renewal and improvement costs for expanded plant and distribution systems serving the campus, energy conservation investments, and general inflationary increases for supplies, services, fuel and purchased electricity.

The projected cost of custodial services, information technology, utilities and general maintenance for new or improved General University supported buildings for FY 2017 is expected to be \$4.9 million. These buildings include the School of Music, Visual Arts, Hancher Auditorium and the Pappajohn Biomedical Discovery facility.

The \$736 million General University budget allocated by function is shown below. Expenses related to instruction, academic support, scholarships and fellowships, and plant operations and maintenance comprise approximately 84% of all general university expenses.

General University Spending By Function
(\$ in thousands)

	<u>FY 2017</u>	<u>% Total</u>
Instruction	292,009	39.7%
Research	26,907	3.7%
Public Service	3,753	0.5%
Academic Support	113,675	15.4%
Student Services	24,483	3.3%
Institutional Support	59,688	8.1%
Operations & Maintenance of Plant	108,942	14.8%
Scholarships & Fellowships	106,601	14.5%
Total	<u>736,058</u>	<u>100.0%</u>

SUI FY 2017 Special Purpose Appropriations

The proposed operating budgets for SUI's special purpose units are provided on page 5. The consolidated special purpose budget (\$6.0 million) includes Primary Health Care, State Cancer Registry, Online Advanced Placement Academy, Substance Abuse Consortium, Biocatalysis, Iowa Registry for Congenital and Inherited Disorders, Non-Profit Resource Center, Iowa Flood Center, Entrepreneurship Initiative and Economic Development.

The following chart lists SUI's special purpose units that received state operating funding for FY 2017. All special purpose units were flat-funded (0% increase) when compared to FY 2016 and most of these appropriations continue to be approximately 20% less than FY 2009 amounts .

<u>SUI SPECIAL PURPOSE UNITS</u>	<u>FY 2017 APPROPRIATIONS</u>
OAKDALE CAMPUS	2,186,558
HYGIENIC LABORATORY	4,402,615
FAMILY PRACTICE	1,788,265
SCHS - CANCER, HEMOPHILIA, HIGH RISK IN	659,456
PRIMARY HEALTH CARE	648,930
STATE OF IOWA CANCER REGISTRY	149,051
SUBSTANCE ABUSE CONSORTIUM	55,529
BIOCATALYSIS	723,727
BIRTH DEFECTS REGISTRY	38,288
ECONOMIC DEVELOPMENT	209,279
ONLINE PLACEMENT ACADEMY	481,849
IOWA FLOOD CENTER	1,500,000
ENTREPRENEURSHIP	2,000,000
WATERMAN NONROFIT RESOURCE CTR	162,539

University of Iowa Hospitals and Clinics (UIHC)

The proposed FY 2017 UIHC budget of \$1.34 billion is provided on page 5.

In FY 2017, the strategic focus for UIHC will continue to center on offering a broad spectrum of clinical services to all patients, serving as the primary teaching hospital for the state, and providing a base for innovative research to improve health care. The following three commitments are identified in the strategic plan and were key drivers in developing the FY 2017 operating budget.

1. Innovative Care

- Care Delivery - UIHC will be recognized as a state and national leader in efficient health care delivery models that emphasize quality-driven patient experience.
- Clinical Programs – Select UIHC clinical services will be leaders in the state and national market by offering cutting edge clinical services, robust clinical research and strong training opportunities.

2. Excellent Service

- Patient Satisfaction – Patients and families will be highly satisfied with their entire UIHC experience in all settings.
- Referring Physician Satisfaction – UIHC will be recognized by referring physicians for its efficient and effective support to their patients.
- Staff, Faculty and Volunteer Engagement – Staff, faculty and volunteers are valued and engaged in the pursuit of UIHC's vision.

3. Exceptional Outcomes

- Safety – UIHC will provide a continuously improving, safe environment for all patients and staff at all times.
- Clinical Outcomes – UIHC will use a continuous improvement process to achieve exceptional clinical outcomes.

Revenue challenges faced in FY 2016 include the privatization of the Medicaid program in April 2016. The State of Iowa moved substantially all of the Medicaid population to Managed Medicaid Organizations (MCOs). This is a significant change that affected 560,000 people covered by Medicaid and roughly 45,000 UIHC patients. These changes will require management of new administrative processes for the Medicaid MCO's, including adjustments to authorization, credentialing and billing processes.

UIHC reports that the healthcare industry is experiencing ever-increasing challenges to maintain funding sources while keeping operating expenses manageable. Wage increases are impacted by collective bargaining agreements, market competitive salaries and the associated benefit costs. An average "all-in" salary increase of around 3.9% is projected for next year due to base salary increases consistent with contract negotiations and minimal changes in the fringe benefit pool rates. Medical and surgical supply costs are estimated to rise 2.2% or more due to price increases and changes in technology. Pharmaceutical cost increases are anticipated at approximately 7.5%.

Additional net revenues are required in FY 2017 to achieve the budgeted 3.5% operating margin. These additional net revenues will be achieved through new volumes and a 6% rate increase approved by the Board in April 2016. Market data indicate that UIHC continues to have lower rate adjustments when compared to academic medical center peers and other Midwest healthcare institutions. UIHC projects increasing demand for its services for FY 2017. Inpatient acute admissions are forecast to increase 3.8% with outpatient activity anticipated to grow 6%.

Other UIHC units include the Psychiatric Hospital, the Center for Disabilities and Development (CDD) and Specialized Child Health Services (SCHS). The proposed combined FY 2017 budget for these units is \$36.5 million and they are provided on page 5.

SUI FY 2017 Restricted Fund Budget

The Restricted Fund includes the Organized Activities Fund, the Auxiliary Enterprise Fund, the Current Restricted Fund and the Plant Fund.

- Organized Activities Fund – includes medicine and dentistry practice plan funds, sports camps, conferences and institutes, mandatory fees (partial) and various publications and workshops
- Auxiliary Enterprise Fund – includes Athletics, University Housing & Dining, the Iowa Memorial Union, Student Health, Recreational Services, Hancher Auditorium, Parking and Transportation, Cambus and various smaller enterprises
- Current Restricted Fund – includes sponsored activities, predominately research and student financial aid funded from federal and non-federal sources
- Plant Fund – includes bond proceeds and capital project receipts

Revenues are derived from federal and non-federal support for sponsored programs, sales and services, reimbursed indirect costs, fees, bond proceeds, transfers from current unrestricted funds, tuition replacement and capital appropriations.

The proposed FY 2017 Restricted Fund Budget includes the following state appropriations:

- Pharmacy Building \$23.00 million
- Tuition Replacement \$16.03 million
- Innovation Fund \$ 1.05 million
- Regent Study Centers \$ 0.28 million

Athletics

The SUI Athletic Department is a self-sustaining auxiliary enterprise and receives no general university support. The University of Iowa's \$102.1 million FY 2017 athletic budget is provided on the following page. The overall revenue and expense budgets are approximately \$5.4 million higher than FY 2016 estimates.

Sports income is budgeted to increase due to an expected increase in football season ticket sales and from a tiered pricing structure for individual game tickets. Also, wrestling income spiked in FY 2016 from a special event in Kinnick Stadium but is expected to return to traditional levels for FY 2017.

Other income is expected to increase from higher Learfield contractual revenues, more athletic conference revenue distributions, and additional foundation support.

Student fees reported in the athletic budget fund the debt service on Student Recreation Services facilities financed through Athletics and remain flat when compared to FY 2016.

The Athletic Department is responsible for paying the full cost of attendance for the scholarships it awards. SUI Athletics awards the equivalent of approximately 300 scholarships at a cost of approximately \$12.7 million, which are included in the applicable sports expense lines. The scholarship amount also includes a cost of attendance stipend to scholarship athletes for academic supplies, transportation, and some personal costs as calculated by the financial aid office. The annual stipend amounts range from \$2,392 to \$3,570 and are budgeted at a total annual cost to Athletics of approximately \$990,000.

Football expenses increased in FY 2016 from additional costs from post-season participation and are expected to remain at approximately the same level for FY 2017. Expenses for women's sports are also budgeted to rise from additional scholarship expenses, salaries, travel, and equipment costs.

The Athletic Department purchases services from numerous entities within the University including, Public Safety, UIHC, parking, scholarships, utilities, university business services and residence services. The projected total FY 2017 cost to Athletics for these services is \$21.5 million.

The University of Iowa
Athletics Operating Budget

	FY 2016 Budget	FY 2016 Estimate	FY 2017 Budget
INCOME			
Men's Sports			
Football	\$ 19,551,915	\$ 19,728,464	\$ 24,202,132
Basketball	3,932,192	3,825,298	3,932,193
Wrestling	550,000	881,875	560,000
All Other	12,300	41,963	32,700
Total Men's Sports	\$ 24,046,407	\$ 24,477,600	\$ 28,727,025
Women's Sports			
Basketball	\$ 215,000	\$ 242,036	\$ 225,000
Volleyball	27,500	39,248	30,000
All Other	15,500	23,954	18,500
Total Women's Sports	\$ 258,000	\$ 305,238	\$ 273,500
Other Income			
Facility Debt Service/Student Fees	\$ 650,000	\$ 650,000	\$ 650,000
Learfield Multi Media Contract Income	6,248,963	6,400,000	7,398,963
Athletic Conference	33,547,000	33,534,869	34,336,000
Interest	500,000	530,000	550,000
Foundation Support	14,464,696	14,385,614	15,253,646
Foundation Premium Seat Revenue	7,630,362	7,383,815	7,856,381
Novelties--Bookstore	3,300,000	4,155,612	3,400,000
General Income	2,923,710	4,892,252	3,679,900
Total Other Income	\$ 69,264,731	\$ 71,932,162	\$ 73,124,890
TOTAL INCOME	\$ 93,569,138	\$ 96,715,000	\$ 102,125,415
EXPENSES			
Men's Sports			
Football	\$ 21,585,344	\$ 23,599,045	\$ 23,065,418
Basketball	5,798,269	6,100,213	6,492,041
Wrestling	1,536,107	1,431,409	1,561,272
All Other	5,263,790	5,749,283	5,710,409
Total Men's Sports	\$ 34,183,510	\$ 36,879,950	\$ 36,829,140
Women's Sports			
Basketball	\$ 4,147,568	\$ 4,082,858	\$ 4,385,515
Volleyball	1,624,922	1,637,000	1,622,842
All Other	10,320,486	10,144,084	11,188,776
Total Women's Sports	\$ 16,092,976	\$ 15,863,942	\$ 17,197,133
Other Expenses			
Training Services	\$ 1,862,763	\$ 1,895,957	\$ 2,252,475
Sports Information	635,088	644,269	652,147
Admin. & General Expenses	12,070,311	13,694,070	15,789,116
Facility Debt Service	15,579,732	15,579,732	16,470,423
Transfer-New Facility Costs/Reserves	1,000,000	-	-
Academic & Counseling	1,929,923	1,769,848	1,855,395
Buildings & Grounds	10,214,835	10,387,232	11,079,586
Total Other Expenses	\$ 43,292,652	\$ 43,971,108	\$ 48,099,142
TOTAL OPERATING EXPENSE	\$ 93,569,138	\$ 96,715,000	\$ 102,125,415

University Housing & Dining

The proposed FY 2017 residence system budget reflects a slight increase in net revenues compared to the preliminary budget received by the Board in February 2016 as part of the Residence System Governance Report. The net revenue increase is due primarily to higher room and board contract income from additional occupancy and from lower utility rates than earlier projected. Additional capacity to meet demand was added to the system from an additional leased property and increasing density in some residence halls.

Voluntary reserve balances at June 30, 2017 are projected to be \$15.3 million, which is less than earlier projections resulting from an expected increase in capital project spending during FY 2016 and FY 2017.

**University of Iowa
University Housing & Dining Proposed Budget 2016-17**

	Estimates 2015-16	Preliminary Budget 2016-17	Proposed Budget 2016-17
OPERATIONS			
Revenues	\$ 78,373,353	\$ 79,738,691	\$ 80,955,157
Expenditures for Operations	54,743,349	59,134,228	59,788,484
Net Revenues	<u>23,630,004</u>	<u>20,604,463</u>	<u>21,166,673</u>
% of Revenues	30.2%	25.8%	26.1%
Debt Service (due July 1)	9,506,256	10,706,513	10,706,513
Mandatory Transfers	600,000	600,000	600,000
Net After Debt Service & Mandatory Transfers	<u>\$ 13,523,748</u>	<u>\$ 9,297,950</u>	<u>\$ 9,860,160</u>
% of Revenues	17.3%	11.7%	12.2%
Debt Service Coverage Ratio	249%	192%	198%
University Overhead Payment	\$ 537,552	\$ 589,516	\$ 529,404
FUND BALANCES (June 30)			
Operation & Maintenance Fund	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Improvement Fund	10,832,045	9,717,000	9,717,000
System Fund	<u>4,588,542</u>	<u>7,518,020</u>	<u>4,602,298</u>
Subtotal--Voluntary Reserves	<u>16,420,587</u>	<u>18,235,020</u>	<u>15,319,298</u>
Bond Reserve Fund	10,540,745	15,784,450	15,784,450
Bond Construction Fund	8,516,514	12,000,000	12,000,000
Subtotal--Mandatory Reserves	<u>19,057,259</u>	<u>27,784,450</u>	<u>27,784,450</u>
Total Fund Balances (June 30)	<u>\$ 35,477,846</u>	<u>\$ 46,019,470</u>	<u>\$ 43,103,748</u>
REVENUES AND EXPENDITURES DETAIL			
Revenues			
Contracts	\$ 65,285,959	\$ 66,320,027	\$ 67,303,500
Interest	532,716	529,629	586,922
Other Income	12,554,678	12,889,035	13,064,735
Total Revenues	<u>\$ 78,373,353</u>	<u>\$ 79,738,691</u>	<u>\$ 80,955,157</u>
Expenditures for Operations			
Salaries, Wages & Benefits	\$ 23,954,420	\$ 27,442,638	\$ 27,353,632
Cost of Food or Goods Sold	10,640,354	10,860,164	11,205,509
Other Operating Expense	10,522,300	10,950,975	11,730,264
Utilities	5,609,675	5,898,471	5,338,909
Repairs & Maintenance	4,016,600	3,981,980	4,160,170
Total Expenditures	<u>\$ 54,743,349</u>	<u>\$ 59,134,228</u>	<u>\$ 59,788,484</u>

FY 2017 BUDGETS – IOWA STATE UNIVERSITY

Iowa State University’s 2017-2022 strategic plan reinforces the University’s responsibility for student success, creating jobs and improving life for Iowans. Using the strategic plan as a foundation, the following priorities were established to guide the University’s investment of its resources during FY 2017.

- Enhance Access to the ISU Experience – This priority includes program enhancements that improve retention and graduation rates; decrease time-to-degree; faculty recruitment and retention in high-demand disciplines; expansion of health, wellness, and safety programs; alignment of academic support services with student needs; and solution development to meet student needs for housing, dining, recreation, health services, transportation and activities.
- Enhance Research Profile – The University is committing new internal funding to expand the research enterprise and promote scholarly work by recruiting faculty in strategic research areas, building research programs through major federal grants, expanding programs that foster graduate student and post-doc recruitment and retention, and increased recruitment of prestigious faculty.
- Promote Economic Development – ISU is dedicated to promoting entrepreneurship and facilitating the formation of new businesses using ISU intellectual property; connecting faculty, staff and student resources with stakeholders to complement the State’s economic development efforts; and investing in the expansion of the ISU Research Park.
- Ensure a Welcoming, Inclusive and Safe Campus – This priority includes investment in initiatives that emphasize inclusion and diversity, enhanced collaboration with the City of Ames, student health and wellness, and support services that ensure a clean, safe and secure campus environment.

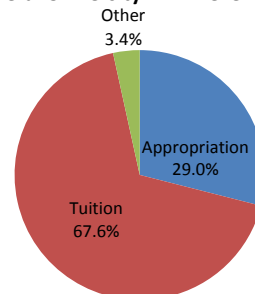
ISU utilizes a responsibility-centered approach to financial management to support its financial planning and budget development. The Resource Management Model provides revenue and growth incentives to units and rewards efficiency by attributing revenues and allocating costs to the major administrative units.

ISU FY 2017 General University Operating Budget

Tuition revenues comprise 67.6% of the \$601.2 million General University revenue budget with 29.0% coming from state appropriations. Projected changes in these revenue sources as well as indirect cost recoveries and interest income result in \$35.5 million in incremental revenue when compared to FY 2016.

FY 2016 Budget	\$ 601.2 million
Revenue Changes:	
Appropriation	2.2 million
Tuition	33.8 million
Indirect Cost Recoveries/Other	(0.5) million
Revenue Increase	35.5 million
FY 2017 Budget	\$ 636.7 million

ISU General University FY17 Revenue Budget



The General University’s FY 2017 operating appropriation of \$184.4 million is 1.2% more (\$2.2 million) than the FY 2016 state funding amount.

In December 2015, the Board froze tuition (0% increase) for FY 2017 for undergraduate resident students after previously approving (September 2015) an annualized \$200 increase beginning with the Spring 2016 semester. A 3% increase for nonresident undergraduates and for graduate students was also approved last December. (Agenda Item 4 proposes additional increases to the rates previously approved by the Board.) The University expects another record year with Fall 2016 enrollment expected to be 36,500 students. The proposed tuition rates and the most recent enrollment projections are expected to generate an additional \$33.8 million in gross tuition revenue when compared to FY 2016.

Reallocating resources toward institutional priorities is a continuing part of the financial planning and budget development process. Using a mix of new funding and reallocations of existing funds, the university will invest \$49.2 million in the priorities provided below. The majority of these funding commitments were made to hire faculty and advising support, expand programs and services for international students, provide additional scholarships and financial aid, expand research, and recruit graduate students.

Enhance Access & Student Experience	\$ 19.1	million
Expand Research & Scholarly Promotion	13.7	million
Promote Economic Development	0.1	million
Ensure Welcoming and Safe Campus	2.2	million
Faculty/Staff Recruitment & Retention	14.1	million
Total	<u>\$ 49.2</u>	million

The University implemented the terms of all collective bargaining agreements and the salary policies approved by the Executive Director. The average performance based salary increase is 3.4% beginning in FY 2017. This follows two consecutive years of only a 1% increase. Approximately \$12.4 million was committed to the General University's salary base for the performance-based salary increases. Market, retention and promotional adjustments accounted for an additional \$1.7 million allocation to the salary base. Employer costs associated with the insurance plans offered to faculty and P&S staff are performing well and are projected to remain flat in FY 2017.

Approximately \$1.1 million was committed to implement the AFSCME contract for merit personnel, including supervisory and confidential employees. Other FY 2017 cost increases include the commitment of \$0.6 million for incremental costs for property and liability insurance, city services, software licenses, and regulatory compliance.

The \$637 million General University budget allocated by function is shown below. Expenses related to instruction, academic support, scholarships and fellowships, and plant operations and maintenance comprise approximately 83% of all general university expenses.

General University Spending By Function
(\$ in thousands)

	<u>FY 2017</u>	<u>% Total</u>
Instruction	254,687	40.0%
Research	14,304	2.3%
Public Service	5,981	0.9%
Academic Support	114,459	18.0%
Student Services	31,271	4.9%
Institutional Support	59,431	9.3%
Operations & Maintenance of Plant	49,054	7.7%
Scholarships & Fellowships	107,510	16.9%
Total	<u>636,697</u>	100.0%

ISU FY 2017 Special Purpose Operating Budgets

The proposed budgets for the Agricultural Experiment Station and Cooperative Extension Services are provided on page 6. ISU's consolidated special purpose budget (\$8.4 million) on page 6 includes the Leopold Center, Livestock Disease Research, the Veterinary Diagnostic Lab, the Iowa Nutrient Research Center, and Economic Development.

The chart below lists ISU's special purpose units that received state operating funding for FY 2017. All special purpose units were flat-funded (0% increase) when compared to FY 2016. With the exception of the Veterinary Diagnostic Laboratory and the Nutrient Research Center (established in FY 2014), funding for the remaining special purpose units range from 14%-20% less than FY 2009 amounts.

<u>ISU SPECIAL PURPOSE UNITS</u>	<u>FY 2017 APPROPRIATIONS</u>
AG. EXP. STATION	29,886,877
COOP. EXT SERVICE	18,266,722
LEOPOLD CENTER	397,417
LIVESTOCK DISEASE RESEARCH	172,844
VET DIAGNOSTIC LAB	4,000,000
NUTRIENT RESEARCH CENTER	1,325,000
ECONOMIC DEVELOPMENT	2,525,302

ISU FY 2017 Restricted Budget

The restricted funds budget represents activities that receive targeted appropriations for specific strategic initiatives including capital appropriations, and revenues and expenditures from university units and operations that do not receive direct state appropriations. Major restricted fund revenue categories include:

- Federal Support – receipts for sponsored programs and student financial aid
- Mandatory Student Fees – includes health, technology, student services, student activity, etc.
- Sales and Services – includes academic department service centers (Veterinary Teaching Hospital, Research Farms) and residual funds from workshops and conferences.
- Endowment Income – earnings distributed from the University's endowment funds
- Auxiliary Enterprises – comprised primarily of Intercollegiate Athletics, University Bookstore, Department of Residence, Memorial Union, Parking Systems, Recreational Services, Student Health Center, Reiman Gardens, and the Iowa State Center
- Private Gifts, Grants and Contracts – includes nongovernmental sponsored programs from private industry, non-profit organizations, and individuals
- Plant Funds – includes bond proceeds and capital project funds

The proposed FY 2017 Restricted Fund Budget also includes the following state appropriations;

- Biosciences Facilities \$15.50 million
- Tuition Replacement \$12.83 million
- Innovation Fund \$ 1.05 million
- Student Innovation Center \$ 1.00 million
- Grape & Wine Institute/Nutrient Research \$ 0.76 million

ISU Athletics

The ISU Athletic Department is a self-sustaining auxiliary enterprise and receives no general university support. The proposed FY 2017 athletic budget totals \$72 million and is provided on the following page. FY 2017 ticket revenues are budgeted to decline from FY 2016 primarily from the away football game with the University of Iowa.

Transfers from the foundation are expected to increase in FY 2017 to offset expense increases including scholarships, facilities projects and coaching changes. The increase in foundation support is primarily from the Cyclone Club and the new South End Zone Club.

Other Revenue is expected to decline in FY 2017 largely from a nonrecurring athletic equipment sale held during FY 2016.

Salary costs for FY 2017 are approximately \$1.3 million higher than FY 2016 due to staff salary increases in accordance with approved salary policies and contractual coaching obligations.

Football game guarantee expenses will increase in FY 2017 from the competition agreements with the University of Northern Iowa and San Jose State.

Administrative operational expenses exceeded the budget in FY 2016 from transitional costs related to football and men's basketball staff. Administrative costs budgeted for FY 2017 are comparable to the original FY 2016 budget. FY 2016 estimated costs also includes contractual payments to the outgoing staffs (primarily football).

The Athletic Department is responsible for paying tuition on the scholarships it awards. ISU Athletics awards the equivalent of approximately 236 scholarships at a cost of \$7.1 million as reflected in the budget. The scholarship amount also includes a cost of attendance stipend to scholarship athletes for academic supplies, transportation, and some personal costs as calculated by the financial aid office. The annual stipend amounts range from \$2,430 to \$2,903 and are budgeted at a total annual cost to Athletics of approximately \$750,000.

The Athletic Department purchases services from numerous entities within the University including tuition and room board from scholarship payments, facilities, University services and utilities. The projected total cost to Athletics for these services is \$20.8 million.

IOWA STATE UNIVERSITY ATHLETICS

	FY 2016 Budget	FY 2016 Estimates	FY 2017 Proposed
REVENUES			
Ticket Sales:			
Football	\$ 9,786,683	\$ 10,550,107	\$ 8,724,366
Men's Basketball	3,800,000	4,147,036	3,800,000
Women's Basketball	465,000	457,063	455,000
Wrestling	120,000	112,570	80,000
Other Sports	335,000	359,936	325,000
Ticket Sales:	14,506,683	15,626,712	13,384,366
Foundation Support	13,510,678	12,610,490	14,235,469
Conference & NCAA Revenue	29,135,990	32,300,285	32,183,726
Multi-Media Rights	5,275,000	5,645,557	5,375,000
Post Season Revenue	1,300,000	138,500	1,300,000
Student Fees	2,035,000	2,035,000	2,000,000
Licensing	900,000	1,020,688	900,000
Game guarantees	225,000	304,672	100,000
Auxillary Revenue	1,390,000	2,327,520	1,700,000
Other Revenue	1,725,000	2,128,792	1,222,000
TOTAL REVENUES	\$ 70,003,351	\$ 74,138,216	\$ 72,400,561
EXPENSES			
Sports Programs - Operations:			
Football	\$ 3,677,500	\$ 3,809,945	\$ 4,266,532
Men's Basketball	1,636,150	1,862,500	1,809,200
Women's Basketball	1,004,000	850,000	1,050,625
Wrestling	300,000	300,000	303,500
Other Sports	2,850,233	2,836,000	2,985,489
Sports Programs - Operations:	9,467,883	9,658,445	10,415,346
Sports Program Support Units:			
Medical	400,000	500,000	500,000
Video Operations	180,500	393,000	181,500
Athletic Training	491,950	506,000	638,000
Academic Services	317,850	317,000	321,850
Other	532,000	519,000	458,000
Sports Program Support Units:	1,922,300	2,235,000	2,099,350
Internal Operations:			
Admin Operations	727,000	1,370,000	753,000
Big 12 Expenses	1,750,000	1,928,000	1,957,000
Airplane Support	175,000	200,000	175,000
IT Operations	573,000	760,000	683,500
Other	320,215	227,000	336,215
Internal Operations:	3,545,215	4,485,000	3,904,715
Salaries & Benefits	22,737,124	21,821,498	23,994,615
Scholarships	7,020,884	6,594,382	7,076,652
External Operations	2,635,727	2,844,000	2,827,284
Facilities & Events	6,777,000	6,731,000	7,754,450
Postseason	2,900,000	1,112,000	2,980,000
Debt Service	8,383,376	8,515,994	8,122,326
Coaching Change		6,282,816	
Capital Projects/Def Maint	4,534,420	3,765,734	3,136,000
TOTAL EXPENSES	\$ 69,923,929	\$ 74,045,869	\$ 72,310,738

ISU Residence System

The proposed Residence System budget remains very similar to that presented to the Board at the February 2016 meeting and is provided below. Operating revenues and expenditures and have been updated to reflect the Department of Residence's inclusion of the Memorial Union hotel space (71 beds) as student housing. Net operating revenues from the additional space after expenses to staff and furnish the space will be transferred to the Memorial Union resulting in a net zero impact to the Residence System's budget.

**Iowa State University
Residence System Proposed Budget 2016-17**

	Estimates 2015-16	Preliminary Budget 2016-17	Proposed Budget 2016-17
OPERATIONS			
Revenues	\$ 104,309,107	\$ 105,067,016	\$ 105,502,044
Expenditures for Operations	76,505,006	78,714,268	79,149,296
Net Revenues	27,804,101	26,352,748	26,352,748
% of Revenues	26.7%	25.1%	25.0%
Debt Service (due July 1)	16,450,765	16,708,660	16,708,660
Mandatory Transfers	500,000	500,000	500,000
Net After Debt Service & Mandatory Transfers	\$ 10,853,336	\$ 9,144,088	\$ 9,144,088
% of Revenues	10.4%	8.7%	8.7%
Debt Service Coverage Ratio	169%	158%	158%
University Overhead Payment	\$ 2,445,319	\$ 2,446,803	\$ 2,446,803
FUND BALANCES (June 30)			
Improvement Fund	18,411,770	19,262,711	19,262,711
System Fund	18,599,704	15,657,965	15,657,965
Subtotal--Voluntary Reserves	37,011,474	34,920,676	34,920,676
Bond Reserve Fund	16,551,186	16,572,630	16,572,630
Bond Construction Fund	27,634,288	2,000,000	2,000,000
Subtotal--Mandatory Reserves	44,185,474	18,572,630	18,572,630
Total Fund Balances (June 30)	\$ 81,196,948	\$ 53,493,306	\$ 53,493,306
REVENUES AND EXPENDITURES DETAIL			
Revenues			
Contracts	\$ 86,097,202	\$ 87,793,450	\$ 88,228,478
Interest	306,000	325,000	325,000
Other Income	17,905,905	16,948,566	16,948,566
Total Revenues	\$ 104,309,107	\$ 105,067,016	\$ 105,502,044
Expenditures for Operations			
Salaries, Wages & Benefits	\$ 33,241,854	\$ 34,546,930	\$ 34,549,922
Cost of Food or Goods Sold	12,598,626	12,460,817	12,460,817
Other Operating Expense	19,432,717	19,931,626	20,343,662
Utilities	7,885,664	8,238,425	8,238,425
Repairs & Maintenance	3,346,145	3,536,470	3,556,470
Total Expenditures	\$ 76,505,006	\$ 78,714,268	\$ 79,149,296

FY 2017 BUDGETS – UNIVERSITY OF NORTHERN IOWA

During the FY 2017 budget development process, operational decisions were made with a strong focus on the University’s vision of being nationally known for innovative education, preparing students for success in a rapidly changing, globally competitive and culturally diverse world.

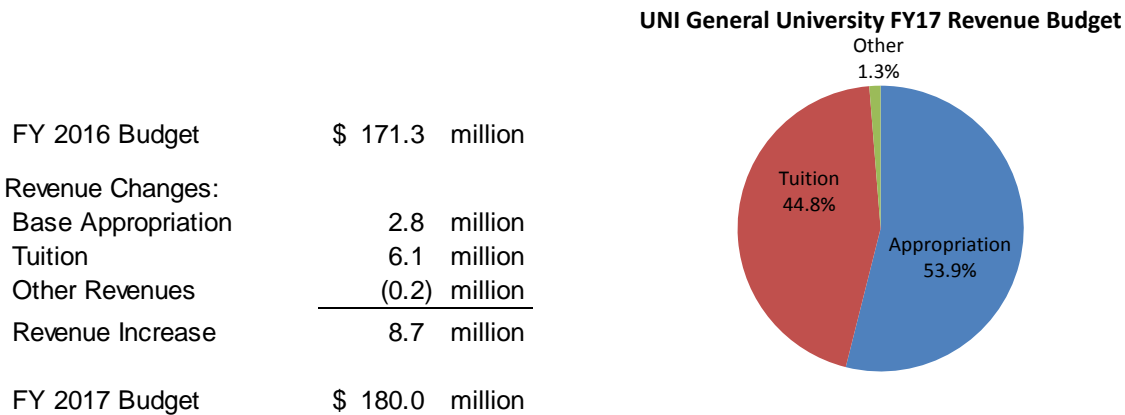
The University operating budget will support the following strategic goals:

- Be a leading undergraduate public university that provides a strong liberal arts foundation
- Provide rigorous and relevant graduate education that meets the needs of graduate students, the university, and the community
- Be a state and national leader in pre K-12 education
- Create and maintain an inclusive educational environment that prepares students to thrive in a diverse global environment
- Enhance the economic, social, cultural, and sustainable development of the state, and
- Ensure accountability, affordability and access.

To maintain a strong focus on university goals and priorities while maximizing the use of resources, the university is committed to active management in reducing costs, improving efficiencies, and actively pursuing enrollment strategies.

UNI FY 2017 General University Operating Budget

State appropriations comprise more than half (54%) of UNI’s proposed FY 2017 General University operating revenue budget with tuition revenue being 45% of budgeted revenues. Projected changes in these and other revenue sources results in total operating revenue that is \$8.7 million more (5% increase) than the FY 2016 budget.



The General University’s FY 2017 operating appropriation of \$97.1 million is 2.95% greater (\$2.8 million) than the FY 2016 state funding amount. The budgeted revenue increase has enabled the University to submit a balanced budget without the reliance on one-time funding for the first time since FY 2009.

In December 2015, the Board froze tuition (0% increase) for FY 2017 for undergraduate resident students after previously approving (September 2015) an annualized \$200 increase beginning with the Spring 2016 semester. A 3% increase for nonresident undergraduates and for all graduate students was also approved last December. (Agenda Item 4 proposes an additional \$300 increase to all rates previously approved by the Board.) Enrollment is projected to be 12,039 students in Fall 2016, a slight increase over Fall 2015. The proposed rates coupled with the expected enrollment is expected generate \$6.1 million in incremental revenue.

Interest income and other operating revenues are budgeted decline \$0.2 million from FY 2016 levels.

The University implemented the terms of a voluntary agreement for a two-year contract with the organized faculty (UNI-United Faculty) that began July 1, 2015. The agreement provided for a wage increase of 2.5% on July 1, 2016.

Mandatory salary and related benefit increases from faculty and merit employee bargaining are included in the proposed FY 2017 budget. Salary expense budget preparation also included the salary policies for P&S staff as approved by the Executive Director. While the total salary and fringe cost increase is \$4.5 million, the net change to personnel costs after reallocations were applied is \$3.0 million.

The financial aid budget has increased 10.6% (\$1.5 million) from the new Distinguished Scholar program and to meet the needs of a slightly higher enrollment. Utilities and other expenses are projected to increase \$0.2 million when compared to FY 2016.

Enrollment management will be a top priority for FY 2017. Enrollment and related functions were reorganized within the Academic Affairs division and includes: Enrollment Management, Admissions, Registrar, and Financial Aid. Student Affairs is directing resources to elevate student life and development through programs and services that raise student success and retention and enhances programs focusing on diversity and inclusion.

The \$180 million General University budget allocated by function is shown below. Expenses related to instruction, academic support, scholarships and fellowships, and plant operations and maintenance comprise approximately 75% of all general university expenses.

General University Spending By Function
(\$ in thousands)

	<u>FY 2017</u>	<u>% Total</u>
Instruction	71,621	39.8%
Research	276	0.2%
Public Service	1,670	0.9%
Academic Support	24,895	13.8%
Student Services	8,783	4.9%
Institutional Support	35,038	19.5%
Operations & Maintenance of Plant	21,903	12.2%
Scholarships & Fellowships	15,766	8.8%
Total	<u>179,951</u>	<u>100.0%</u>

UNI FY 2017 Special Purpose Operating Budgets

UNI's consolidated special purpose budget (\$6.6 million) on page 6 includes the Iowa Mathematics and Science Education Partnership Program (IMSEP), Recycling and Reuse Center, Real Estate Education, and Economic Development. Funding for all special purpose units has remained flat since FY 2014.

<u>UNI SPECIAL PURPOSE UNITS</u>	<u>FY 2017 APPROPRIATIONS</u>
RECYCLING & REUSE	175,256
MATH & SCIENCE	5,200,000
REAL ESTATE EDUCATION	125,302
ECONOMIC DEVELOPMENT	1,066,419

UNI FY 2017 Restricted Budget

UNI's restricted budget includes auxiliary enterprises, capital appropriations, and revenues and expenditures from university units and operations that do not receive direct state appropriations. Major auxiliary enterprise operations include the residence system, athletics, Maucker Union, Fieldhouse Operations (UNI-Dome/McLeod), Gallagher-Bluedorn Performing Arts Center, Wellness Recreation Center and the Student Health System.

The proposed FY 2017 Restricted Fund Budget includes the following state appropriations:

- Schindler Education Center \$15.90 million
- Tuition Replacement \$ 3.58 million
- Innovation Fund \$ 0.90 million

UNI Athletics

The University of Northern Iowa's FY 2017 athletic budget provided on the following page reflects revenue projections of \$14 million.

Sports income is expected to grow in FY 2017 primarily from increased ticket sales/prices for football but are partially offset by an expected decline in men's basketball ticket sales.

Since UNI Athletics does not receive substantial revenues from conference distributions and other sources, the General University does provide athletic support for scholarships and operations. The FY 2017 athletic budget includes \$4.35 million in General University support (2.4% of the budget).

Alumni/Foundation support has increased when compared to the FY 2016 budget due to the successes of the Panther Scholarship Club, Rally in the Valley event, and other fundraising events.

Administration and General expenses for FY 2017 include the second of four annual \$250,000 transfers to pay back a one-time supplement received from non-GEF sources to cover a shortfall in a previous year.

Scholarship costs of approximately \$4.0 million for the equivalent of 189 scholarships are included in the applicable sports expense lines. The scholarship amount also includes a cost of attendance stipend for men's basketball and women's volleyball scholarship athletes for academic supplies, transportation and some personal costs as calculated by the financial aid office. The annual stipend amounts range from \$2,000 to \$2,400 at a total annual cost to Athletics of approximately \$53,000.

Sports expenses are expected to increase when compared to FY 2016 budget. Football and men's basketball expense projections higher for FY 2017 because of the inclusion of potential post-season travel expenses and higher coaching contractual payments.

The UNI athletic department purchases services that benefit numerous entities within the University. These include in part, tuition and room/board from scholarship payments, business services, public safety, marketing and utilities. Athletics is projected to provide \$4.4 million in FY 2017 to these University entities for the services.

University of Northern Iowa
FY 2017 Proposed Athletic Budget

	FY 2016 Original Budget	FY 2016 Projected Actuals	FY 2017 Proposed Budget
INCOME			
Football	1,154,000	1,111,617	1,394,500
Men's Basketball	1,373,000	1,379,187	1,223,000
Men - All Other Sports	86,000	95,905	92,500
Women - All Sports	160,500	239,064	298,900
Subtotal - Sports	2,773,500	2,825,773	3,008,900
Other Income			
Student Activity Fee	1,998,139	1,998,139	2,042,859
University Support for:			
General Athletics Operations	2,826,801	2,871,385	3,067,000
Scholarships	1,283,481	1,283,481	1,283,481
Alumni/Foundation Support	1,305,500	1,425,616	1,430,000
Athletic Marketing	1,201,500	1,274,559	1,252,500
Athletic Conf/NCAA Support	954,700	1,273,011	1,233,420
Novelties - Outings	259,500	301,557	331,300
General	465,000	268,800	368,500
Subtotal - Other	10,294,621	10,696,548	11,009,060
TOTAL INCOME	13,068,121	13,522,321	14,017,960
EXPENSES			
Men's Sports			
Football	3,025,725	3,329,017	3,549,250
Basketball	2,163,764	2,540,615	2,573,679
All Other Men's Sports	1,211,540	1,239,582	1,226,743
Subtotal - Men's Sports	6,401,029	7,109,214	7,349,672
Women's Sports			
Basketball	987,706	1,066,388	988,089
Volleyball	775,945	830,472	789,914
All Other Women's Sports	2,201,716	2,307,286	2,194,671
Subtotal - Women's Sports	3,965,367	4,204,146	3,972,674
Other Expenses			
Athletic Training	209,360	183,468	189,810
Administration & General	1,865,186	1,814,322	1,887,242
Athletic Marketing & Sports Info	457,573	484,736	488,345
Contingency	169,606	264,133	130,217
Subtotal - Other Expenses	2,701,725	2,746,659	2,695,614
TOTAL EXPENSES	13,068,121	14,060,019	14,017,960

UNI Residence System

The Board received a preliminary FY 2017 residence system budget as a part of the governance report at its February 2016 meeting. All revenue and expense categories in the proposed budget have been adjusted slightly based on updated occupancy and cost projections. The debt service amount has been updated to reflect the actual amount which includes the bonds sold in February 2016 for the Lawther Hall renovation project.

**University of Northern Iowa
Residence System Proposed Budget 2016-17**

	Estimates 2015-16	Preliminary Budget 2016-17	Proposed Budget 2016-17
OPERATIONS			
Revenues	\$ 39,054,010	\$ 41,300,523	\$ 41,117,437
Expenditures for Operations	26,600,776	28,632,127	28,346,777
Net Revenues	12,453,234	12,668,396	12,770,660
% of Revenues	31.9%	30.7%	31.1%
Debt Service (due July 1)	6,749,590	7,541,393	7,457,260
Mandatory Transfers	330,000	330,000	330,000
Net After Debt Service & Mandatory Transfers	\$ 5,373,644	\$ 4,797,003	\$ 4,983,400
% of Revenues	13.8%	11.6%	12.1%
Debt Service Coverage Ratio	185%	168%	171%
University Overhead Payment	\$ 713,949	\$ 765,803	\$ 758,669
FUND BALANCES (June 30)			
Improvement Fund	\$ 2,395,431	\$ 2,393,392	\$ 2,840,611
System Fund	11,776,379	13,617,072	14,841,355
Subtotal--Voluntary Reserves	14,171,810	16,010,464	17,681,966
Bond Reserve Fund	6,115,951	8,143,958	8,015,196
Bond Construction Fund	-	3,000,000	5,000,000
Subtotal--Mandatory Reserves	6,115,951	11,143,958	13,015,196
Total Fund Balances (June 30)	\$ 20,287,761	\$ 27,154,422	\$ 30,697,162
REVENUES AND EXPENDITURES DETAIL			
Revenues			
Contracts	\$ 33,061,860	\$ 35,358,672	\$ 35,103,886
Interest	219,525	350,000	350,000
Other Income	5,772,625	5,591,851	5,663,551
Total Revenues	\$ 39,054,010	\$ 41,300,523	\$ 41,117,437
Expenditures for Operations			
Salaries, Wages & Benefits	\$ 15,030,633	\$ 15,958,665	\$ 15,796,950
Cost of Food or Goods Sold	4,637,031	4,935,253	4,811,622
Other Operating Expense	2,724,735	2,638,610	2,638,606
Utilities	2,609,445	3,555,399	3,555,399
Repairs & Maintenance	1,598,932	1,544,200	1,544,200
Total Expenditures	\$ 26,600,776	\$ 28,632,127	\$ 28,346,777

FY 2017 BUDGET – IOWA PUBLIC RADIO

The FY 2017 budget supports the realignment of IPR based on the merger of the three stations in an effort to improve and expand service and outreach to Iowans. The proposed FY 2017 budget was approved by the Finance Committee of IPR's Board of Directors on June 29, 2016 and will be considered for approval by the IPR Board at its meeting on July 14, 2016.

- University support for FY 2017 remains flat when compared to FY 2016.
- Budgeted increases in fundraising revenue from memberships and major gifts are partially offset by expected smaller decreases in major gifts and event revenue.
- Salary expenses are estimated to increase in FY 2017 primarily due to salary increases of approximately 2.5% for staff and the impact of the Department of Labor's overtime rules that become effective on December 1, 2016.
- Professional service costs are expected to increase due to fundraising expenses associated with increased memberships, insurance and audience research.
- Generally, the remaining operating expenses are estimated to increase primarily from additional repairs and maintenance, postage costs for direct mail campaigns, and professional development.

	FY16 BUDGET	FY17 BUDGET	DIFFERENCE
OPERATING INCOME			
University Support	\$ 944,800	\$ 944,800	\$ -
State of Iowa Appropriation	391,568	391,568	-
Federal Support - CPB	624,806	621,187	(3,619)
Fundraising	5,477,500	5,827,250	349,750
TOTAL OPERATING INCOME	\$ 7,438,674	\$ 7,784,805	\$ 346,131
OPERATING EXPENSES			
Compensation	\$ 3,915,069	\$ 4,073,694	\$ 158,625
Programming Fees	1,115,544	1,118,639	3,094
Facilities	558,189	560,467	2,278
Professional/Other Services	638,316	672,311	33,996
Telecommunications	227,234	230,474	3,240
Depreciation Expense	463,303	443,764	(19,539)
Printing	91,000	109,750	18,750
Supplies	128,547	128,244	(303)
Travel	97,080	96,061	(1,019)
Other	200,243	232,504	32,260
TOTAL OPERATING EXPENSES	\$ 7,434,525	\$ 7,665,907	\$ 231,382
NET OPERATING INCOME (LOSS)	\$ 4,149	\$ 118,898	\$ 114,749
NON-OPERATING INCOME (EXPENSE):			
Rental Revenue	\$ 118,566	\$ 90,175	\$ (28,391)
Investment Earnings	25,150	-	(25,150)
State of Iowa Capital Appropriation	100,000	100,000	-
Equipment Grant Revenue	50,000	-	(50,000)
Equipment, Capitalized	(267,820)	(289,596)	(21,776)
Equipment, Non-Capitalized	(25,400)	(14,900)	10,500
Debt Service	(4,578)	(932)	3,646
TOTAL NON-OPERATING INCOME (EXPENSE)	\$ (4,082)	\$ (115,253)	\$ (111,171)
NET ALL ACTIVITY	\$ 67	\$ 3,645	\$ 3,578

FY 2017 BUDGET – BOARD OFFICE

The Board Office operating budget is supported mainly by state appropriations and institutional support. The proposed FY 2017 operating budget of the Board Office includes a funding cut of \$300,000 in State appropriations and a reduction in Grant funds due to the expiration of one contract.

Reflecting the service nature of the Board Office, personnel costs are approximately 79% of the proposed budget.

FY 2017 Board Office Budget		
	Budget FY 2016	Proposed Budget FY 2017
Revenues		
State Appropriations	1,094,714	794,714
Institutional Reimbursements	2,811,585	3,645,020
Grant Funds	181,045	40,365
Non-institutional	1,500	4,000
Principal Demutualization	3,000	3,000
TOTAL REVENUE	4,091,844	4,487,099
Expenditures		
Personnel and Board per diem	3,148,620	3,583,709
Travel	88,500	70,650
Office Supplies & Printing	35,000	27,000
Dues	50,000	45,000
Advertising	2,000	-
Communications	52,500	49,980
Outside Services & Repairs	45,000	31,194
State Audit	14,500	12,500
IT Services	44,000	74,000
Office Equipment & Furnishings	33,000	29,700
Office Space	107,024	108,666
Educational/Training Expense	33,000	29,700
Special Services	438,700	425,000
TOTAL EXPENDITURES	4,091,844	4,487,099